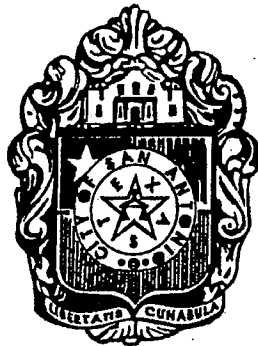


PROJECT PLAN

**TAX INCREMENT REINVESTMENT ZONE NUMBER 9
CITY OF SAN ANTONIO, TEXAS**



**Houston Street Redevelopment Project
Crockett Street Development Project
Historic Civic Center Linkage**

**Approved August 23, 2000
Amended on September 20, 2007**

**City of San Antonio, County of Bexar,
University Health System, Alamo Community College District**

PROJECT PLAN

TAX INCREMENT REINVESTMENT ZONE NUMBER 9

Section 1: Project Overview

Tax Increment Reinvestment Zone Number 9 (TIRZ) will provide the financing needed to develop public improvements associated with revitalization opportunities in the core of San Antonio's Central Business District (including the Houston Street Redevelopment Project, the Crockett Street Development Project, and the Historic Civic Center Linkage). This *Project Plan* describes, pursuant to Section 311.011 of the Texas Tax Code:

- (1) An overview of the TIRZ project,
- (2) Existing uses and conditions of real property in the TIRZ,
- (3) Proposed improvements and property uses in the TIRZ,
- (4) Proposed changes to municipal ordinances,
- (5) Estimated non-project costs, and
- (6) Relocation of persons to be displaced as a result of plan implementation.

This *Project Plan* has been developed in conjunction with the *TIRZ Financing Plan* that was approved by City Council on August 23, 2000 and amended on September 20, 2007. The TIRZ was designated by City Council on December 9, 1999, under Ordinance 90969 and amended on City Council on September 20, 2007 under Ordinance 2007-09-20-XXXX. It encompasses approximately 0.9832 square miles. The approximate boundaries stretch from Crockett and Market Streets on the south to Travis and Martin Streets on the north. The zone's westernmost boundary is Soledad Street, and its easternmost boundary is Alamo Street.

Houston Street Redevelopment

Although Houston Street was once San Antonio's preeminent retail street, over the past thirty years, many of the area's structures have experienced high levels of vacancy, neglect, and deterioration. The redevelopment of Houston Street has been a policy priority for the City of San Antonio. The 1996 *Downtown San Antonio Strategic Plan* called for the revitalization of Houston Street, so that it would become "a vibrant mix of activities that promote commercial, residential and other cultural development along Houston Street and in the surrounding area" (pp. 65).

Since 1998, Street Retail San Antonio, L.P. (a wholly owned affiliate of Federal Realty Investment Trust), has acquired thirteen properties along the Houston Street corridor, with the intent to develop mixed-use space (retail, restaurant, lodging, entertainment, office and residential development) in a public/private partnership. In order to leverage this investment and to revitalize the area, a number of associated public improvements

have been proposed. These public improvements are anticipated to be funded through a combination of grants and tax increment financing.

Crockett Street Development

The Crockett Street Development Project is a public/private partnership intended to revitalize three vacant historic buildings, to provide an accessible connection between the River Walk and Crockett Street, and to provide a subterranean connection between the buildings and the River Walk. The owners of these buildings have entered into a series of agreements with the City of San Antonio to facilitate the development. Although the buildings are outside the zone, the other improvements are within the zone. To provide access for persons with disabilities, an outdoor public elevator is needed to connect the River Walk to Crockett Street. This will be funded using tax increment financing. All other public and private improvements will be paid by the property owners.

Historic Civic Center Linkage

Main Plaza is viewed by many as the heart of San Antonio. It is bounded by the Bexar County Courthouse, San Fernando Cathedral, and Municipal Plaza Building. The Historic Civic Center Linkage has been proposed to provide an attractive pedestrian connection between Main Plaza and the River Walk. Most of the cost for this improvement will come from City General Obligation bonds, with the remainder of the cost funded through tax increment financing.

Section 2: Existing Uses and Conditions

The zone is in a developed area, San Antonio's Central Business District. Within the zone are retail, office, residential, cultural, governmental, religious, hospitality, park, and academic uses. A significant percentage of the structures within the zone are vacant and/or deteriorating. In addition, surface parking lots account for a significant percentage of the land area within the zone. Existing uses and conditions are shown in Figure 1.

Section 3: Proposed Improvements and Uses

Figure 2 describes the locations of proposed improvements and proposed changes in use within the TIRZ. Proposed TIRZ improvements include up-front capital projects and projects developed by Street Retail San Antonio which are subject to reimbursement. The financing structure for these improvements is detailed in the *TIRZ Financing Plan*. Capital improvements include the Presa Street Linkage, the Historic Civic Center Linkage, and the Crockett Street Improvements. Potential reimbursable improvements include the Houston Street Bridge Linkage, the Majestic Courtyard, Facade Preservation/Restoration, the redevelopment of the Walgreens Building, other Houston St. improvements, Soledad Streetscape improvements and additional related improvements. These public improvements will be made in conjunction with the private adaptive reuse of currently vacant buildings and the construction of new hotel and retail space.

Figure 1: Existing Uses and Conditions in TIRZ No. 9

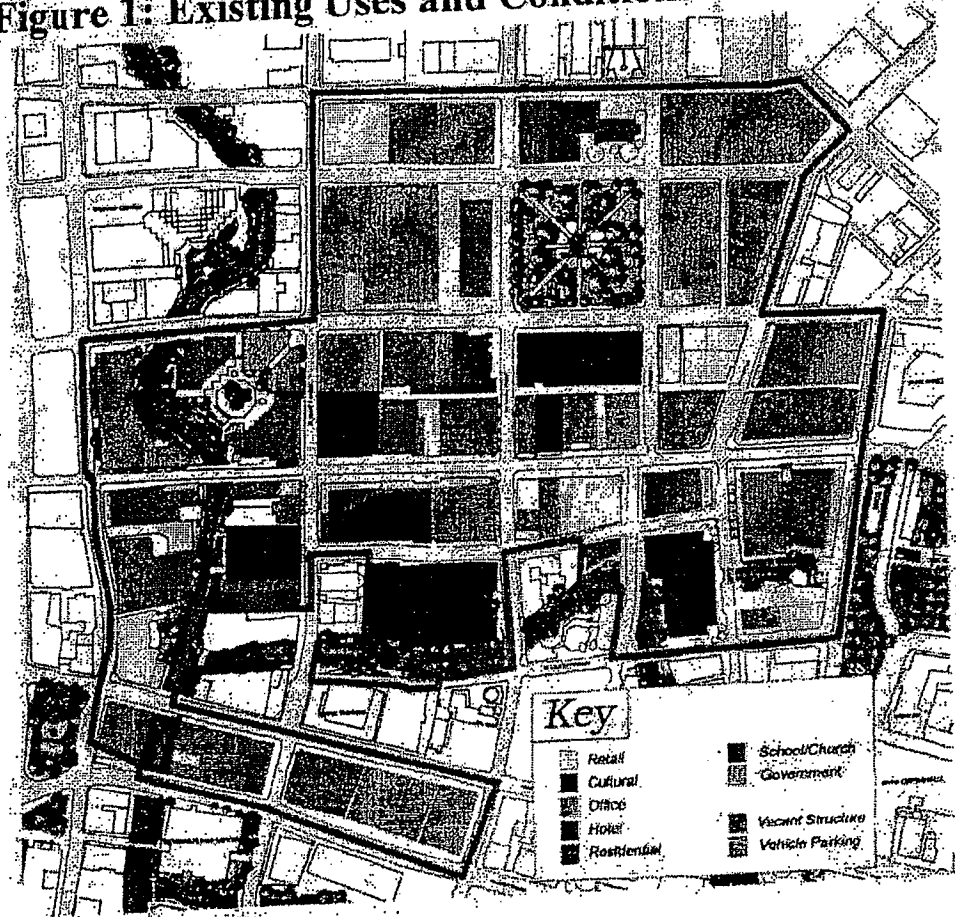
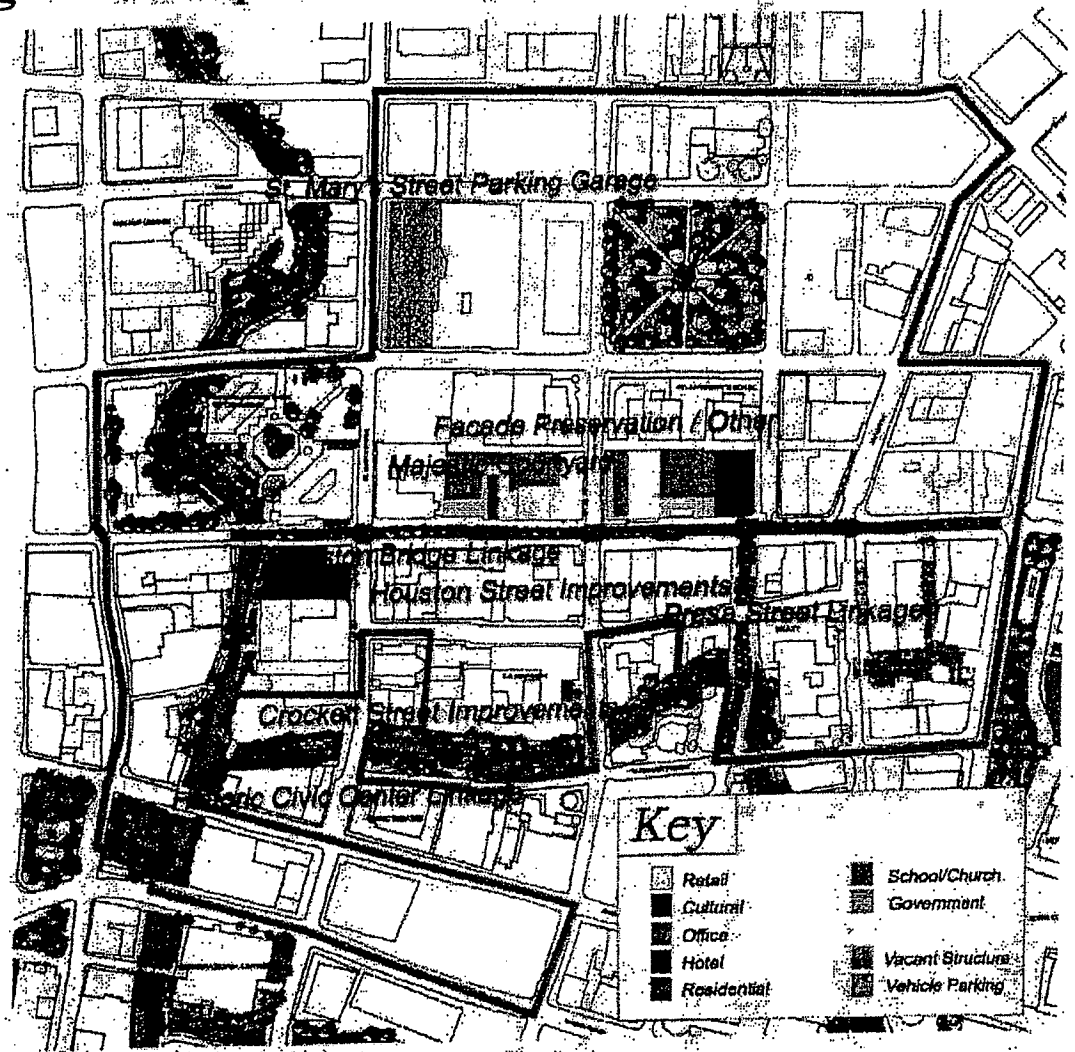
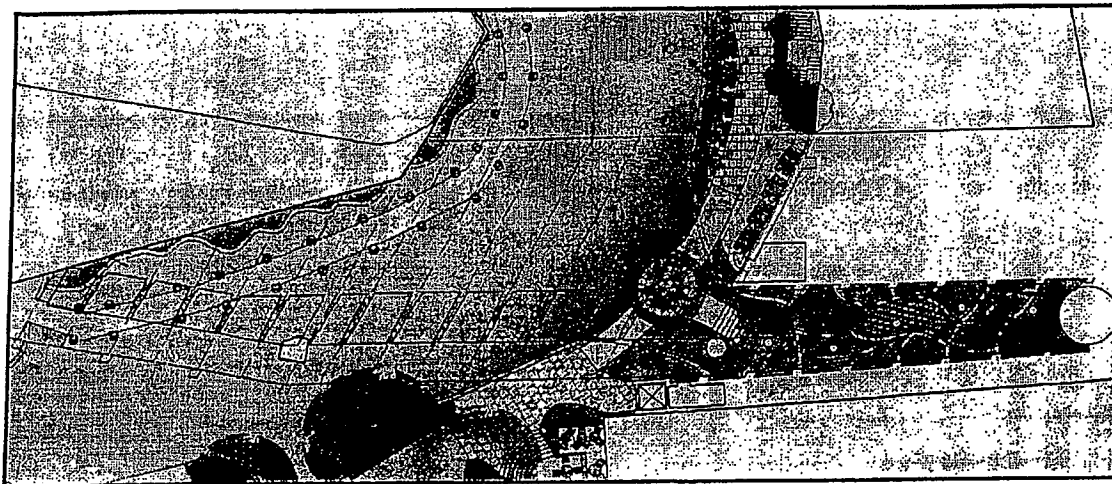
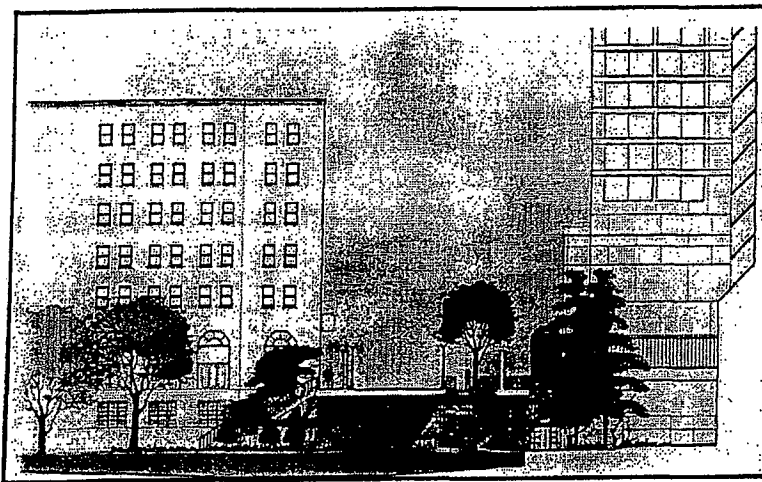


Figure 2: Proposed Uses and Improvements in TIRZ

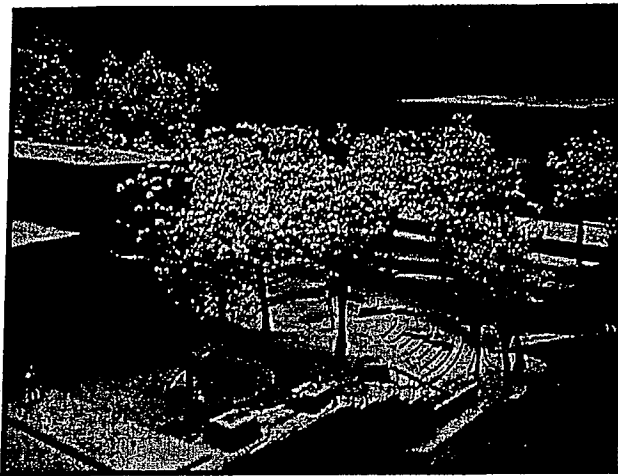


Scope of Capital Improvements

Presa Street Linkage: A connection from the River Walk to Presa Street, estimated to cost up to \$4.5 million (which may come from City debt instruments supported by the Tax Increment Fund and an Economic Development Administration grant). As completed, the northern approach to the Presa Street Bridge, which is located between Crockett and College Streets, will be excavated and, a new, larger and more open ascent will be created from river level to street level. This linkage will include a stepped footpath, an elevator to provide access between street level and the River Walk, landscaping and streetscape improvements, improved lighting, and other pedestrian enhancements. From the southern bridge approach to College Street, Presa Street will be realigned to the West within its present right-of-way to permit construction of this linkage. The associated eastern sidewalk expansion will facilitate greater pedestrian access from the River Walk and on street level. At street level, improvements will include a significant water design feature.



Historic Civic Center Linkage: A connection from the River Walk to Main Plaza, estimated to cost up to \$3.25 million (of which \$750,000 will come from City debt instruments supported by the Tax Increment Fund). As completed, the Commerce Street Parking Lot will be excavated, and a new ascent will be created from river level to street level. This linkage will include a stepped footpath, an elevator to provide access between street level and the River Walk, landscaping and streetscape improvements, improved lighting, and other pedestrian enhancements. Additionally, although not funded through tax increment financing, the connection between the River Walk and the International Center will be enhanced.



Crockett Street Improvements: In connection with privately-funded improvements to the River Walk along Crockett Street between St. Mary's and Navarro Streets, an elevator will be installed connecting river level to street level. This project is estimated to cost \$400,000, and will be financed by City debt instruments supported by the Tax Increment Fund.

Scope of Eligible Reimbursable Improvements

Potential improvements have been identified as desirable for the purpose of achieving the goals of the TIRZ. These improvement projects may be undertaken and completed by Street Retail San Antonio, by its tenant, or by the City. If undertaken, funded and completed, these improvements may be eligible for reimbursement from the Tax Increment Fund, subject to the terms of the *TIRZ Financing Plan* and the *Development Agreement*.

Houston Street Bridge Linkage: This improvement includes a pathway, stairs and an elevator linking the San Antonio River channel and Houston Street. The goals of this improvement are to integrate street and river levels, to enhance downtown pedestrian circulation, and to increase access for persons with disabilities. It is contemplated that the design for this project and its construction will be coordinated with the private-sector

hotel development planned for the southwest corner of the intersection of Houston Street and St. Mary's Street. This improvement may be reimbursed from the Tax Increment Fund or may be funded through an Urban Development Action Grant.

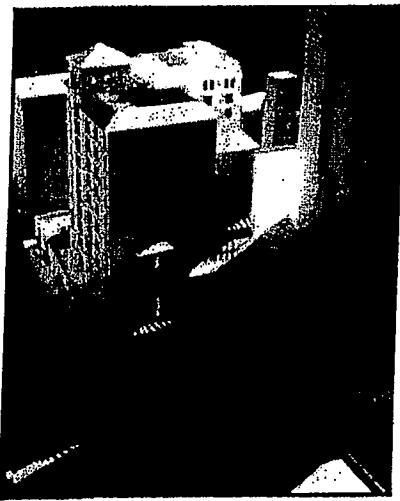
Majestic Courtyard: This improvement creates an urban courtyard park along and accessible to Houston Street between the Frost Brothers Building and Joseph's Building, on the site where the Carl Building is presently located. The Courtyard will involve acquisition of property, demolition of the Carl Building, design and construction (including renovation of the facades of adjoining buildings).

Facade Preservation/Restoration Project: The facades of Street Retail San Antonio's properties will be preserved and/or restored by the developer as part of this project. Improvements may be made to the facades of buildings including the Alfred Giles Building, the Frost Brothers Building, the Bennett Building, the Schaum Building, the Vogue Building, the Kress Building, and the Walgreens Building. Up to \$2.8 million of the funds which Street Retail expends to preserve or restore such facades are eligible for reimbursement pursuant to this plan, the *Development Agreement*, and the *TIRZ Financing Plan*.

Additional Public Improvement Projects: The City and Street Retail San Antonio may identify additional permanent improvements consistent with this plan. If approved by City and undertaken by the developer, the costs of such additional improvements, when completed, will be eligible for reimbursement from the Tax Increment Fund up to \$600,000. The design, construction and other responsibilities for such projects shall be consistent with the provisions of the *Development Agreement* and the *TIRZ Financing Plan*. These projects may include various improvements such as clean-up of Peacock Alley, supplementary facade restoration, public sidewalk/streetscape enhancements, and supplementary costs for the Majestic Courtyard.

Scope of Proposed Uses

Street Retail San Antonio proposes approximately \$100 million private investment through the adaptive reuse of the currently vacant Kress, Vogue, Harvey, Joseph's, Frost, and Stuart Buildings and the development of two hotels. In total, Street Retail proposes approximately 300,000 square feet of mixed-use space and 500 new hotel rooms. These buildings are shown in Figure 2. The redevelopment proposed by Street Retail is also anticipated to foster the development of other currently vacant structures in the area.



Section 4: Proposed Changes to Municipal Ordinances

Houston Street Design Guidelines

Winter & Company, under contract for the City, is developing a set of design guidelines for the Houston Street area. These guidelines are intended to serve as a tool to help address design issues, to promote the preservation of historic resources, to promote new development that is compatible with historic resources, to enhance the pedestrian experience along Houston Street, and to provide a climate for investment in downtown. These guidelines are intended to be adopted by the City as policy, and may be adopted as part of the City's Unified Development Code, as a designated historic district, through overlay zoning, or through other mechanisms.

Rezoning

The sites for the two hotels proposed by Street Retail San Antonio will be rezoned from "I" (height restriction of 150 feet) to "B-4" (no height restriction). The Valencia Hotel site at 150 E. Houston Street (NCB 404, Lots 2, A1, and A3) will be rezoned from "I" to "B-4." Also, the site for the other proposed hotel at 315 and 319 E. Houston Street and 111 Jefferson Street (NCB 415, Lots A3, A4, A5, and A6) will similarly be rezoned from "I" to "B-4."

Section 5: Estimated Non-project Costs

Houston Street Streetscape

These are streetscape improvements along Houston Street from Alamo Plaza to the San Antonio River, estimated to cost \$1.75 million from City funding sources including General Obligation Bonds. Street trees will be added or re-installed, with associated irrigation systems. Signifier trees are planned to be placed at specific locations to

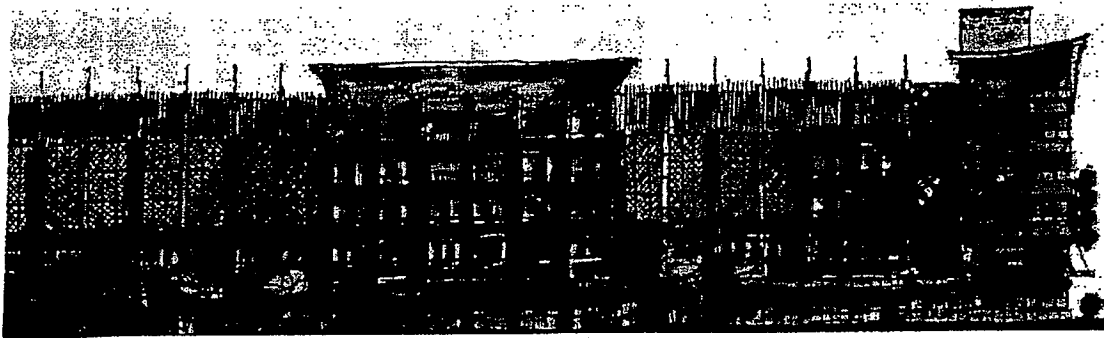
heighten pedestrian visual interest and street identity. A small number of mid-block pull-outs may be constructed to facilitate passenger loading and unloading. Signifiers may be placed at either end of that portion of Houston Street which is embraced by the Project.

Historic Civic Center Linkage

This connection from the River Walk to Main Plaza is estimated to cost up to \$3.25 million, of which \$2.50 million will come from City General Obligation Bonds.

St. Mary's Street Parking Garage

The City is constructing a \$17.4 million, 700-space parking garage at the corner of North St. Mary's Street and Travis Street. The garage is being funded through the City's Parking System. It will include street-level retail space. Construction completion is anticipated in the summer of 2001.



Limited Waiver of Development Fees

The City has agreed to conditionally waive certain fees (listed on Exhibit F of the *Development Agreement*) for development to be undertaken by Street Retail San Antonio with respect to its properties in the zone and all improvements eligible for reimbursement from the Tax Increment Fund, before January 1, 2004.

Section 6: Relocation of Persons to be Displaced

This Plan does not call for and it is not anticipated that this project will require the relocation or displacement of persons.